

STATEMENT of
the MILITARY OFFICERS ASSOCIATION OF AMERICA

on
Legislation to
Amend Servicemembers' Group Life Insurance
and
Traumatic Injury Protection Provisions of
Public Law 109-13

before the
Subcommittee on Disability Assistance and Memorial Affairs
HOUSE VETERANS' AFFAIRS COMMITTEE

June 16, 2005

Presented by

Colonel Robert F. Norton, USA (Ret.)
Deputy Director, Government Relations

Executive Summary
Recommendations of the Military Officers Association of America

Servicemembers' Group Life Insurance (SGLI)

MOAA endorses the draft "SGLI Enhancement Act of 2005", including language in Section 3 of the draft legislation concerning notification to member's spouse or next of kin of certain elections under the SGLI program.

Wounded Warrior Servicemembers Group Disability Act of 2005

MOAA endorses the Wounded Warriors Servicemembers' Group Disability Act of 2005. MOAA recommends that the Secretary of Veterans Affairs be required to notify Congress within one year of enactment of other disabilities besides those specified in the bill that would qualify for insurance coverage.

MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE, on behalf of the nearly 370,000 members of the Military Officers Association of America (MOAA), I am honored to have this opportunity to present the Association's views on legislation to amend the provisions in P.L. 109-13 concerning the Servicemembers' Group Life Insurance and Traumatic Disability Insurance programs.

MOAA does not receive any grants or contracts from the federal government.

MOAA is very grateful to the members of this Subcommittee and Congress for final passage of the Emergency Supplemental Appropriations Act (P.L. 109-13), which raised military life insurance coverage levels, increased the death gratuity, and created traumatic injury protection insurance. This action caps the growing recognition that the risks assumed by our nation's service men and women were not being matched by reasonable levels of compensation in the event of a severe injury or death in military service.

Congress needed to move the Supplemental legislation quickly through the process in order to sustain the resources needed for ongoing operations in the war on terror. In doing so, however, certain provisions in the Servicemembers' Group Life Insurance program and the new traumatic injury insurance program inadvertently failed to serve the best interest of military families and the survivors of service men and women who die in the line of duty. MOAA, therefore, appreciates the leadership and initiative of this Subcommittee and the full Committee to address needed corrections to certain Supplemental provisions.

Servicemembers' Group Life Insurance (SGLI)

Prior to enactment of P.L. 109-13, it was widely recognized that life insurance coverage under the SGLI fell short of what is needed when measured by private sector standards for employees in hazardous occupations.

Most large employers provide lump-sum death benefits, cost-free to the employee, of two times salary, capped at some limit between \$100,000 and \$250,000. Police and firefighters killed in the line of duty receive a federal, cost-free Public Safety Officers Death Benefit of \$267,000 in addition to a typical five-figure death gratuity.

In today's commercial life insurance markets, insurance coverage for many mid-career workers typically exceeds \$500,000.

MOAA is pleased to see that the Subcommittee is considering draft legislation -- the "Servicemembers' Group Life Insurance Enhancement Act of 2005" -- to permanently authorize maximum coverage of \$400,000 under the SGLI program and its cousin, the Veterans' Group Life Insurance (VGLI) program. If enacted, the bill would become effective on 1 October 2005, the day after the expiration of the Emergency Supplemental.

Importantly, the proposed legislation would specify requirements for notification of a servicemember's spouse or next of kin of certain member elections under the SGLI program.

Spousal Notification vs. Consent. In response to earlier legislation put forward in the Senate, MOAA at one point indicated interest in the concept of requiring spousal consent with regard to a member's election to decline or accept reduced coverage under SGLI. However, in

consultation with our Military Coalition partners, government officials, and professional staff of the Veterans Committees, we now believe a spousal consent clause would greatly complicate or preclude the SGLI decision process:

- ❑ A servicemember with minor children from a prior marriage would be prohibited from naming them as beneficiaries on his life insurance policy unless the current spouse consented.
- ❑ The spouse of a servicemember who has been estranged from a spouse for years, or is in the middle of a divorce proceeding, would be given authority to dictate the policy terms and beneficiaries.
- ❑ No protection or notice would be afforded to the spouse of a servicemember who was single at the time of election, if the member later marries and neglects to change a beneficiary.
- ❑ A spousal consent requirement makes SGLI coverage involuntary for married servicemembers, but voluntary for single members.
- ❑ Spousal consent fails to recognize that not all marriages are healthy and intact at the time a servicemember becomes eligible for SGLI.
- ❑ A life insurance contract requiring a second party (a spouse) to dictate the terms of an elective benefit of the first party military sponsor may not be enforceable in law.

MOAA endorses the draft “SGLI Enhancement Act of 2005”, including language in Section 3 of the draft legislation concerning notification to member’s spouse or next of kin of certain elections under the SGLI program.

H.R. 1618, the Wounded Warrior Servicemembers Group Disability Act of 2005.

MOAA supports H.R. 1618 since it addresses critical needs of service families. The fact that the original idea for this legislation was advanced by a group of wounded service members speaks for itself.

Military men and women traumatically injured in service experience enormous and protracted stress as they adjust to changed lives. The stress extends in full measure to immediate or extended families and can last months or even years.

During convalescence and rehabilitation, disabled service men and women often face growing financial difficulties. Problems occur when spouses or other caregivers leave home and employment to be with the wounded warrior. Families often must board in lodging near the military treatment facility for extended periods. Meals are purchased on the local economy. With the emotional chaos and disruption of every day lives, bills often are overlooked or left behind. Indebtedness piles up.

Eventually, wounded warriors who are not able to remain on active duty are separated or medically retired. But by the time they receive their first VA disability compensation check, their financial situation is in free fall. H.R. 1618 fills a very important gap for our nation’s

wounded warriors. MOAA applauds the original cosponsors of H.R. 1618 and the Subcommittee for taking up the legislation at today's hearing.

MOAA notes in particular that the legislation affirms Congress' intent regarding the longstanding principle of "line of duty" coverage under the legislation. Basically, this means that a servicemember who elects disability insurance coverage is protected while in any military duty status – active duty, active duty for training, or inactive duty (drill), or when traveling to or from such duty.

Section 1994 of the legislation sets out the list of disabilities that would qualify for receipt of disability compensation. In addition to the specified physical disabilities listed in the section, Subsection 7 authorizes the Secretary of Veterans Affairs to identify other disabilities that by regulation would qualify for coverage under the proposed bill. MOAA recommends that this language be strengthened to require the Secretary to report to Congress within one year of enactment of the legislation on any additional disabilities that have been added by regulation to the list of covered conditions.

MOAA believes that the legislation should not preclude designation of medically documented mental illnesses incurred in the course of military service that are determined to be severely disabling, including severe post-traumatic stress disorder (PTSD).

MOAA endorses the Wounded Warriors Servicemembers' Group Disability Act of 2005. MOAA recommends that the Secretary of Veterans Affairs be required to notify Congress within one-year of enactment of other disabilities besides those specified in the bill that would qualify for insurance coverage.

Conclusion

The Military Officers Association of America greatly appreciates the opportunity to present the Association's views on the SGLI and Wounded Warrior Disability Insurance under consideration by the Subcommittee on Disability Assistance and Memorial Affairs. Taking care of service men and women and their families for their service and sacrifice is a high national obligation. We pledge our full support for enactment of this important legislation.

Biography of Robert F. Norton, COL, USA (Ret.)
Deputy Director, Government Relations, MOAA
Co-Chair, Veterans' Committee, The Military Coalition

A native New Yorker, Bob Norton was born in Brooklyn and raised on Long Island. Following graduation from college in 1966, he enlisted in the U.S. Army as a private, completed officer candidate school, and was commissioned a second lieutenant of infantry in August 1967. He served a tour in South Vietnam (1968-1969) as a civil affairs platoon leader supporting the 196th Infantry Brigade in I Corps. He transferred to the U.S. Army Reserve in 1969 and pursued a teaching career at the secondary school level. He joined the 356th Civil Affairs Brigade (USAR), Bronx, NY and served in various staff positions from 1972-1978.

Colonel Norton volunteered for active duty in 1978 and was among the first group of USAR officers to affiliate with the "active Guard and Reserve" (AGR) program on full-time active duty. Assignments included the Office of the Deputy Chief of Staff for Personnel, Army Staff; advisor to the Asst. Secretary of the Army (Manpower & Reserve Affairs); and personnel policy and plans officer for the Chief, Army Reserve.

Colonel Norton served two tours in the Office of the Secretary of Defense (OSD). He was responsible for implementing the Reserve Montgomery GI Bill as a staff officer in Reserve Affairs, OSD. From 1989 –1994, he was the senior military assistant to the Assistant Secretary of Defense for Reserve Affairs, where he was responsible for advising the Asst. Secretary and coordinating a staff of over 90 military and civilian personnel. During this tour, Reserve Affairs oversaw the call-up of more than 250,000 National Guard and Reserve component troops for the Persian Gulf War. Colonel Norton completed his career as special assistant to the Principal Deputy Asst. Secretary of Defense, Special Operations / Low Intensity Conflict and retired in 1995.

In 1995, Colonel Norton joined Analytic Services, Inc. (ANSER), Arlington, VA as a senior operational planner supporting various clients including UN humanitarian organizations and the U.S. Air Force's counterproliferation office. He joined MOAA's national headquarters as Deputy Director of Government Relations in March 1997.

Colonel Norton holds a B.A. in philosophy from Niagara University (1966) and a Master of Science (Education) from Canisius College, Buffalo (1971). He is a graduate of the U.S. Army Command and General Staff College, the U.S. Army War College, and Harvard University's Senior Officials in National Security course at the Kennedy School of Government.

Colonel Norton's military awards include the Legion of Merit, Defense Superior Service Medal, Bronze Star, Vietnam Service Medal, Armed Forces Reserve Medal, Army Staff Identification Badge and Office of the Secretary of Defense Identification Badge.

Colonel Norton is married to the former Colleen Krebs. The Nortons have two grown children and reside in Derwood, Maryland.